

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF CANYON	)	APPEAL NO. 13-A-1066
COUNTY ASSESSOR (NOLL) from a decision of	)	
the Canyon County Board of Equalization for tax	)	FINAL DECISION
year 2013.	)	AND ORDER

**RESIDENTIAL PROPERTY APPEAL**

THIS MATTER came on for hearing October 18, 2013, in Caldwell, Idaho before Board Member Lee Heinrich. Board Members David Kinghorn, Linda Pike and Leland Heinrich participated in this decision. Chief Deputy Assessor Joseph Cox and Chief Appraiser Brian Stender appeared at hearing for Appellant Canyon County Assessor. Respondents Jim and Keri Noll also appeared at hearing. This appeal is taken from a decision of the Canyon County Board of Equalization (BOE) modifying the protest of valuation for taxing purposes of property described by Parcel No. 304211050.

**The issue on appeal is the market value of an improved residential property.**

**The decision of the Canyon County Board of Equalization is modified.**

FINDINGS OF FACT

The original total assessed value was \$395,700. Following a timely protest, the BOE reduced subject's land value to \$47,370, and the improvements' valuation to \$273,000, totaling \$320,370. Appellant-Assessor requests the land value be increased to \$55,990, and the improvements' value be increased to \$300,000, totaling \$355,990.

The subject property is a 3,535 square foot residence on a 5.57 acre parcel located in the St. James Place subdivision near Nampa, Idaho. The property is also improved with some outbuilding structures, assessed for a total of \$32,700.

Appellant contended the BOE's decision to reduce subject's total assessed value by roughly 24% was arbitrary and unsupported by current market data. Appellant further

commented because only those property owners who appealed in subject's development were granted a value reduction, the BOE's decision created inequity within the subdivision. According to Appellant, the BOE's decision was partly based on the Idaho Transportation Department's (ITD) plan to construct a multi-lane highway adjacent to subject's subdivision. Appellant acknowledged values may be impacted once the highway project is completed, however, as of January 1, 2013, the project had not been started. Appellant further noted that according to ITD, there is no dedicated funding for the project for at least the next five (5) years. In Appellant's view, the BOE erred in reducing values based on the possibility that values may be impacted at some point in the future due to the pending highway project.

Respondent-Taxpayers argued the BOE's decision was proper because the highway project will negatively impact values. Respondents noted the proposed highway would have to be disclosed to potential buyers, which Respondents argued would cause a drop in sale price. In short, Respondents did not view completion of the highway as necessary because values have already been tainted.

In support of its value position, Appellant offered information on ten (10) improved sales from rural subdivisions. Sale Nos. 1, 2 and 3 were located in subject's development. They approximated subject in terms of lot size and the residence's age and square footage. Sale No. 1 was Respondents' purchase of subject in July 2012 for \$399,000. Appellant noted the residence was not finished at the time of purchase. Sale prices for this group ranged from \$325,000 to \$414,000. After making appraisal adjustments for physical differences between subject and the sale properties, Appellant determined adjusted prices between \$318,500 and \$355,500, or from \$90 to \$126 per square foot.

The next group, Sale Nos. 4, 5, 6, 7 and 8, were located in subdivisions situated roughly one (1) mile from subject's development. The lots were roughly one (1) acre in size. The residences were generally similar to subject in terms of age and size, though some came with a swimming pool or spa improvements. After adjusting for differences compared to subject, Appellant calculated adjusted prices between \$288,455 and \$397,700, or between \$101 and \$130 per square foot.

The final sales, Nos. 9 and 10, were located in a subdivision approximately five (5) miles away. Both sale lots were a little larger than one (1) acre. Sale prices were \$342,000 and \$315,000, respectively. The adjusted prices were \$361,400 and \$344,800, or \$127 and \$120 per square foot.

#### CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value, or as applicable exempt status. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

Idaho Code § 63-205 requires all taxable property be assessed annually at market value on January 1 of the relevant tax year. The definition of market value is provided in Idaho Code § 63-201:

“Market value” means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing seller, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

Appellant provided ten (10) sales for comparison with subject. The sales occurred during

2012 and mostly concerned properties located within roughly one (1) mile of subject; including subject's own purchase. Adjustments were made for physical differences between subject and the sale properties. Adjusted sale prices were between \$288,455 and \$397,700 or from \$90 to \$130 per square foot. The BOE decision lowered subject's assessed value from approximately \$112 to \$90 per square foot.

Respondents did not offer sales information, however, maintained the BOE's decision was proper. According to Respondents, the pending highway project had already negatively impacted values. Appellant countered there is no funding for the portion of the project near subject for at least the next five (5) years. As such, Appellant contended there was no basis for lowering values before the highway installation is complete. Under the circumstances, the Board concurs.

While it is quite possible subject's value will be materially impacted by the nearby highway once it is constructed, or when construction is more imminent, Respondent provided nothing evidencing an affect on current values. A special adjustment now for the rather distant future highway project would be premature and subjective. The time for adjustment is when prices in subject's area have actually been impacted. From the evidence in record, it does not appear that time has yet arrived.

In appeals to this Board the burden is on Appellant to prove error in subject's assessed value by a preponderance of the evidence. See Idaho Code § 63-511. In this particular instance, the Board finds that burden was satisfied. Appellant provided ten (10) sales and made adjustments for differences compared to subject. The sale properties fairly represented subject in terms of age, size, and quality of construction. Other differences were accounted for in

Appellant's sales grid analysis. There was no discernable price difference between those sales located near the proposed highway and those located further away. In other words, the market data did not support that the proposed future highway improvements have impacted values in subject's area. Overall, the sales information was found to support the higher value requested by Appellant. This conclusion is further supported by subject's July 2012 purchase for \$399,000, which was considerably more than the current value request of \$355,990.

Accordingly, the decision of the Canyon County Board of Equalization is modified, thereby increasing subject's land value to \$55,990 and the improvements' valuation to \$300,000, totaling \$355,990.

#### FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Canyon County Board of Equalization concerning the subject parcel be, and the same hereby is, MODIFIED to reflect a increase in subject's total assessed value to \$355,990.

DATED this 22<sup>nd</sup> day of January, 2014.